

CEC Workshop on Summer 2005 Electricity and Demand Supply

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Presented by

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Bottom Line

- LADWP has adequate generation capacity to meet the 2005 Summer Peak Demand (7050 MW capacity to serve 5737 MW load with approximately 1100 MW operating reserve. Resultant reserve margin is approximately 20 percent.)
- LADWP will make its excess power available to California in the near- and long-term, after we fulfill our native load obligations:
 - o We have identified firm surplus capacity (250 MW) for this upcoming summer, which has been offered to a southern California utility. If they decline the offer, the capacity will be made available to utilities in the West.
 - o We also plan to make available recallable capacity/energy (500 MW) for this upcoming summer, to California and the rest of the West.
 - o Although we have experienced storm-related problems at the Castaic Pumped Hydro facility, we expect it to be available for this upcoming summer.

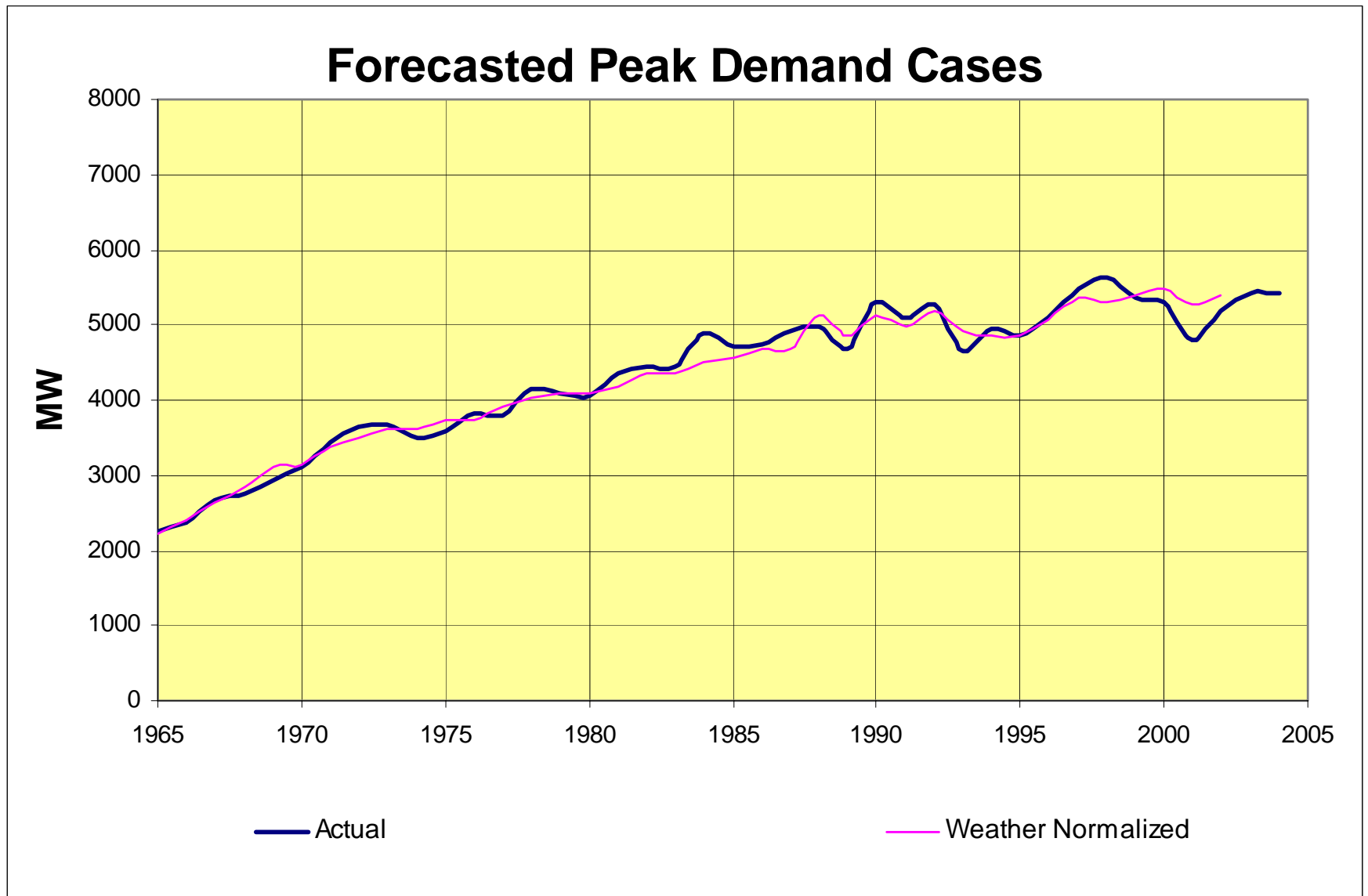
Bottom Line (Continued)

- LADWP is currently sharing load-forecast, resource and other planning related information with the CEC, to the greatest extent possible (based on safety and confidentiality concerns.)
- Our generation resource mix for 2005 will be similar to previous years. However, we continue to move forward with renewable energy projects, and repowering of our old, inefficient gas fired generating units, with highly efficient, clean combined cycle units.

Loads in LADWP Control Area and Weather Adjustments to Forecasts

- This past year we have seen strong growth in the non-weather related component of demand (construction and expansion). Over this decade, the LADWP energy forecast shows Retail Sales growing at an annual rate of about 1.5% per year. The Peak Demand Forecast is partially derived from the Retail Sales forecast and is expected to grow at 1.1% annually over this decade.
- Figure 1 shows the Peak Demand, actual and temperature normalized, from 1965 to present.

Figure 1



Current LADWP Projects to Upgrade Existing and Acquire New Resources

LADWP's Integrated Resource Plan (IRP) determines the City of Los Angeles short- and long-term resource needs. This IRP has committed \$2.1 billion in resource investments.

- **Since July 2000, LADWP has been investing in the following Los Angeles Basin generation related projects:**
 - o Installation of 6 Peaking Combustion Turbines (282 MW; in service 2001)
 - o Valley GS Repowering (533 MW; in-service April 04)
 - o First Haynes GS Repowering (575 MW, in-service Jan. 05)
 - o Second Haynes GS Repowering (600 MW, June 2008)
 - o U1 & U2 Scattergood GS Repowering (495 MW, 2013)
- **Other activities currently being pursued to fulfill LADWP's Integrated Resource Plan:**
 - o Installation of Distributed Generation (PV's, Fuel Cells & Microturbines)
 - o DSM and Energy Efficiency Program (155 MW in peak demand reduction)
 - o Castaic Modernization (additional 100 MW, in-progress)
 - o Transmission Upgrades
 - o Sylmar Modernization Project (3,100 MW, in-service Dec. 04)

LADWP has also adopted a Renewables Portfolio Standard (RPS) with a goal of reaching 20% by 2017, and is currently pursuing the following RPS activities:

- Construction of Pine Tree Wind Project (120 MW, scheduled in-service May 2006)
- Support development of Biogas Project (40 MW, September 2008)
- Modernization of a small hydro Power Plant 2 (17 MW, under construction)
- Issued renewable RFP to achieve interim goal of 13% by 2010

Specific Comments on the
“CEC Staff Summer 2005 Electricity Supply and
Demand Outlook – March 2005”

- On pages 5 and 7, the report appears to assume LADWP provides 1000 MW to the CAISO during the 2005 Summer months. This assumption should be 250 MW of firm energy, and 500 MW of non-firm energy.
- There are other generation additions, uprates, derates, and repowerings that are mentioned in the report, and we will be working with CEC staff to ensure latest LADWP information is included in the report.

Closing Remarks

- **LADWP plans to continue assisting adjacent control areas in California, and the Western Interconnection, by providing access to its excess generation and transmission capacity.**
- **As noted above, LADWP continues to move forward with its Integrated Resource Plan. More specifically, this plan includes:**
 - * Optimizing energy conservation and resource efficiency;
 - * Accelerating, promoting and increasing the use of solar and other renewables;
 - * Promoting distributed generation;
 - * Repowering old, inefficient gas fired generating units, with highly efficient, clean combined cycle units;
 - * Purchasing reliable and affordable electricity generation; and
 - * Increasing the reliability of the transmission grid.
- **Through its planning process and its vertically integrated utility model with an obligation to serve its customers, LADWP has been able to ensure cost effective rates and reliable service, while meeting its environmental goals. Certainly, LADWP believes that this planning framework will permit LADWP to continue serving its customers effectively, and assisting others with energy and transmission services.**